REDEFINED EQUITY PROGRAM REVISION: RE III

Attention owners of non-federally subsidized developments

The Minnesota Housing Finance Agency has expanded the Redefined Equity Program originally established in 1986. The additional program--Redefined Equity III (as authorized by the Agency Board in January 2001, and effective for fiscal year-ending 2000)—will broaden the participation to include owners of Agency financed non-federally subsidized developments. Participation continues to be voluntary and will provide an increased partnership distribution in exchange for a commitment to not pre-pay the Agency first mortgage.

> Redefined Equity III applies only to owners of Agency market rate properties without section 8 or Section 236 subsidy.
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> The significant difference for owners eligible to participate in the Redefined III Program is that no waiting list will be required to be maintained.
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> Reserves of $3,000 per unit for elderly units and $5,000 per unit for family units are required under RE III.

In exchange for the additional partnership distribution available under RE III, the owner agrees as follows:

> The owner agrees not to prepay its mortgage with the Agency for ten years from the date of execution of legal documents for developments that meet all other requirements.

Developments must maintain an average **economic** occupancy of 95% or more for the prior 24 months and be in good physical condition.

Developments that have **not** maintained economic occupancy of 95% or more for the prior 24 months but are in good physical condition can qualify for RE III if reserves are $5,000 per unit OR 40% of the outstanding principal balance of the mortgage, whichever is greater.

12/26/00